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UNCLAS SECTION 01 OF 02 BRASILIA 001357

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E.O. 12958: N/A
TAGS: ETRD EIND ECON PGOV BR
SUBJECT: UPDATE OF BRAZIL'S ANTIDUMPING CASES AGAINST THE
U.S.

REFS: A) Brasilia 1097 B) Brasilia 76 C) 2003 Brasilia
3826 D) 2003 Brasilia 3260

¶1. Summary: Brazil has five antidumping (AD) investigations open against the U.S. and applies AD measures against five U.S. origin products. The products concerned are largely chemicals used in industrial applications. A safeguard measure against imported toys, extended in December 2003 until the end of 2004, also applies to the U.S. End summary.

CURRENT INVESTIGATIONS

¶2. Out of a total of 28 current cases worldwide, Brazil has commenced five antidumping (AD) investigations against the U.S. since September 2003, two of which are five-year sunset reviews of pre-existing AD cases. All of the cases target chemical products used in industrial processes and finished goods with a wide range of applications. The current status of each case and a product description, gleaned from www.petrochemistry.net, follow.

¶A. Polycarbonate resins, five-year sunset review initiated on 9/11/2003. However, the review was suspended by a court decision on 12/17/2003 pending a final judicial determination. Polycarbonate resins, derived from bisphenol A, are used for structural parts, impact resistant glazing, street-light bulbs, household appliance parts, components of electrical/electronic devices, automotive applications, reusable bottles, food and drink containers, optical media devices (CD/DVD) and medical applications. It is also a building block used to make epoxy resins for coatings, electrical laminants, composites and adhesives.

¶B. Ethyleneglycol monobutyl ether (a.k.a. butylcellosolve), case initiated 11/10/2003 (ref D); On-site verification of local industry in process from May 2-4 and 11-14. This ether is used in cleaning products, preservatives, and as a fixative for perfumes, germicides, bactericides, insect repellents and antiseptics. It is also used as an additive for jet fuel to prevent ice buildup.

¶C. Polyvinyl chloride - (PVC), five year sunset review initiated 12/15/2003 (ref B), GoB currently awaits clarification and complementary information regarding the responses to the questionnaires. PVC is a polymer of vinyl chloride used to make a diverse range of cost-effective products with various levels of technical performance suited to a wide range of applications. Many of these PVC products are used everyday and include everything from medical devices such as medical tubing and blood bags, to footwear, electrical cables; packaging, stationery, and toys.

¶D. PET resins (Polyethylene tereftalate), case initiated 03/03/2004 (ref C); GoB awaits responses from questionnaires sent 03/05/2004 through 05/14/2004. Polyethylene terephthalate (PET) is derived from xylene and is one of the most widely used industrial polyesters. It is used in lightweight, recyclable soft drink bottles, as fibres in clothing, as a filling for anoraks and duvets, in car tire cords and conveyor belts. It can also be made into a film used in video, audio and x-ray.

¶E. Methyl methacrylate (MMA), case initiated on 04/23/2004 (ref A). GoB awaits responses to questionnaires sent 04/28/2004 and due by 06/09/2004. Methyl methacrylate is a chemical derived from propylene, used for the manufacture of polymethyl methacrylate and also for polymer dispersions and other resins.

CURRENT AD AND SAFEGUARD MEASURES

13. Brazil applies AD measures on 31 products from several countries, and has three safeguard measures in effect on toys, shredded coconut and powdered milk. There are currently five AD measures in place against U.S. products, in addition to the safeguard measure on toys applied to the U.S. and many other countries. The AD margins and/or price agreements are applied to four chemical products and one pharmaceutical, and are as follows:

1A. Polycarbonate resins, AD duty of 19%, expires 07/26/2004.

1B. Hydroxyethyl cellulose - (HEC), AD duty 19.8%, expires 04/19/2005.

1C. Medicine containing insulin, petitioners and exporters reached a price agreement, expires 03/06/2006.

1D. Phenol, AD duty 41.4%-68.2%, expires 10/16/2007.

1E. Polyvinyl chloride (PVC), AD duty 16%, duty will continue to be applied during the review mentioned in paragraph 1C.

14. The safeguard measure on toys, an additional 10% above the 20% tariff, was extended until 12/31/2004 late last year. The measure has been in effect since 1996, and was extended one additional year instead of two as allowed by WTO rules for developing countries (maximum of ten years.)

15. Comment: A trade specialist at the Ministry of Development, Industry and Foreign Trade's Commercial Defense Division explained the preponderance of chemical products in Brazil's AD cases against the U.S. He noted that the chemical industry worldwide is a non-stop business highly dependent on scale. Inventories grow rapidly during times of low seasonal demand, and the excess inventory is then exported at very low prices. As a result, countries where the chemical industry is relatively small will tend to have a high percentage of AD cases on such products.

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